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caring for those who served

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Testimony of

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on

**The State of VA's Long-Term Care Program:
Present and Future**

before the

**U.S. House of Representatives
Committee on Veterans' Affairs
Subcommittee on Health**

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Mr. Chairman and Members of the Committee, thank you for the opportunity to testify today on behalf of the Maine Veterans' Homes ("MVH") on the topic of "The State of VA's Long-Term Care Program: Present and Future," including the important issue of access by rural veterans to quality long-term nursing care.

I am the Chief Executive Officer of MVH. I have 23 years of health care management experience including 19 years of experience as a Medical Services Officer within the United States Army and the United States Army Reserves. I am a combat veteran of Operations Desert Shield and Desert Storm. I recently retired from the U.S. Army Reserves as a Lieutenant Colonel and commander of a 296-bed Combat Support Hospital. I have been the Chief Executive Officer of the Maine Veterans' Homes for nearly one year.

MVH is a public body corporate created by the State of Maine to provide long-term nursing care to Maine veterans. MVH operates six long-term nursing care facilities for veterans at Augusta, Bangor, Caribou, Machias, Scarborough, and South Paris. In the aggregate, MVH currently operates 640 skilled nursing, long-term nursing, and domiciliary beds for Maine veterans. This makes MVH one of the largest systems of long-term nursing facilities in the State of Maine, and we are very proud of the quality long-term care nursing services that we provide to Maine veterans.

Also, as one of the largest and most successful State Veterans Homes systems in the nation, MVH provides a crucial portion of the health care continuum for Maine veterans. Our facilities are each relatively small in size, 30 to 150 beds each, and this allows them to be located not only at one or two locations, but throughout the State of Maine, allowing greater ease of access to our facilities by veterans living in the most rural parts of Maine. In the future, we hope to develop additional in-patient and out-patient services at all of our six locations in order to offer rural Maine veterans greater access to all of the services that the Maine Veterans' Homes, the Maine Bureau of Veterans Services, and the United States Department of Veterans Affairs ("VA") provide.

MVH is part of a national system of State Veterans Homes. The State Veterans Homes system is the largest provider of long-term care to our nation's veterans. There are 126 veterans homes in all 50 States and the Commonwealth of Puerto Rico. Nursing home care is provided in 121 homes, domiciliary care in 53 homes, and hospital care in 5 homes. These homes presently provide over 28,000 resident beds for veterans of which almost 22,000 are nursing home beds. These beds represent about 50 percent of the long-term care workload for the VA.

The State Veterans Homes play an irreplaceable role in assuring that eligible veterans receive the benefits, services, and quality long-term health care that they have rightfully earned by their service and sacrifice to our country. We greatly appreciate the Veterans' Affairs Committee's commitment to the long-term care needs of veterans, your understanding of the indispensable function that State Veterans Homes perform, and your strong support for our programs. We especially appreciate the consistent support of the Veterans' Affairs Committee,

working with the Appropriations Committee, to ensure that per diem payments by the VA will continue under current eligibility criteria.

The Maine Veterans' Homes is a leader in the national system of State Veterans Homes and a leader in the National Association of State Veterans Homes ("NASVH"). The membership of NASVH consists of the administrators and staff of State-operated veterans homes throughout the United States. We work closely with the VA, State governments, the National Association of State Directors of Veterans Affairs, veterans service organizations, and other entities dedicated to the long-term health care of our veterans. Our goal is to ensure that the level of care and services provided by State Veterans Homes meet or exceed the highest standards available.

Role of the State Veterans Homes

State Veterans Homes first began serving veterans after the Civil War. Faced with a large number of soldiers and sailors needing long-term care, several States established veterans homes to care for those who had served in the military.

In 1888, Congress first authorized federal grants-in-aid to states that operated homes in which American soldiers and sailors received long-term care. At the time, such payments amounted to about 30 cents per resident per day. In the years since, Congress has made several revisions to the State Veterans Homes program to expand the base of payments to include nursing home, domiciliary, and adult day health care.

For nearly half a century, State Veterans Homes have operated under a program administered by the VA which supports the Homes through construction grants and per diem payments. Both the VA construction grants and the VA per diem payments are essential components of this support. Each State Veterans Home must meet stringent VA-prescribed standards of care, which exceed standards mandated by Federal and State governments for other long-term care facilities. The VA conducts annual inspections to assure that these standards are met and to assure the proper disbursement of funds. Together, the VA and the State Veterans Homes represent a very effective and financially-efficient Federal-State partnership in the service of our nations veterans.

VA per diem payments to State Homes are authorized by 38 U.S.C. § 1741–1743. The per diem payments are intended by Congress to assist the States in providing for the level of care and treatment required for eligible veterans residing in State Veterans Homes. As you know, the per diem rates are established by the VA annually and may not exceed 50% of the cost of care. They are currently \$67.71 per day for nursing home care, \$40.48 per day for adult day health care, and \$30.31 per day for domiciliary care. Our State Veterans Homes cannot operate without receipt of per diem payments from the VA under current eligibility criteria.

Construction grants are authorized by 38 U.S.C. §§ 8131–8137. The objective of such grants is to assist the States in constructing or acquiring State Veterans Home facilities. Construction grants are also utilized to renovate existing facilities and to assure continuing compliance with life safety and building codes. Construction grants made by the VA may not exceed 65 percent of the estimated cost of construction or renovation of facilities, including the provision of initial equipment for any project. State funding covers at least 35 percent of the cost. Our program cannot meet our veterans' needs without an adequate level of construction grant funding.

In recent years, State Veterans Homes have experienced a period of controlled growth in response to the increasing number of elderly veterans who require long-term health care. In fact, as a nation we face the largest aging veterans population in our history. By the end of this decade, the number of veterans aged 85 and older will have tripled from 422,000 to 1.3 million. If the State Veterans Homes program is to fill the need for additional long-term care beds required in certain States and to respond to the increase in the number of veterans eligible for long-term care nationally, it is critical that the State Veterans Home construction grant program be sustained at adequate levels.

The State Veterans Home program now provides about 50% of the VA's total long-term care workload. The VA has estimated that nursing care beds in the State Veterans Homes nationwide are 87% occupied. The beds at our homes in Maine are approximately 96% occupied. Many of the State Veterans Homes nationally have occupancy rates near 100%, and some have long waiting lists. The State Veterans Homes provide long-term medical services to frail, elderly veterans at a cost to the VA of less than \$68 per day, well below the cost of care in a VA nursing home, which is over \$560 per day.

Although there are no national admission requirements for the State Veterans Homes, there are State-by-State medical requirements for admission to such homes. Generally, a State will require a medical certification confirming several significant deficits in activities of daily living (an assessment of basic living functions) that together require 24-hour nursing care. Moreover, no per diem is paid by the VA unless and until a VA official certifies that nursing home care is required. Veterans qualifying for long-term nursing care at a State Veterans Home are almost always very ill and elderly, and many are afflicted with mental health conditions.

State Veterans Homes as a VA Resource

The Veterans' Millennium Health Care Act ("Mill Bill"), Pub. L. No. 106-117, enacted significant changes to veterans' long-term health care. Significantly, the VA is directed to provide long-term care for all veterans who have a 70% or greater service-connected disability or who need nursing care for a service-connected disability. The State Veterans Homes should play a major role in meeting these requirements and be treated as a resource that is integrated much more fully with the VA's own long-term care program.

The State Veterans Homes have proposed that our beds be counted toward the VA's overall long-term care census. Doing so would allow the VA to meet the Mill Bill's long-term care bed requirements. A nursing home bed in a State Veterans Home is a very cost-effective alternative to a nursing home bed in a VA-operated facility. Congress's goal should be to provide long-term care to veterans in a manner that expands the VA's capacity to provide services, while paying the lowest available per capita cost for each eligible veteran. Including State Veterans Homes nursing beds in the mandated VA long-term care totals would allow the VA to meet its legislative mandate, shift some of its long-term care services to the State Veterans Homes, and ultimately increase the capacity of the VA to provide greater short-stay, highly-specialized, post-acute rehabilitative care.

This goal can be accomplished by the State Veterans Homes at substantially less cost to taxpayers than other alternatives. The average daily cost of care for a veteran at a long-term care facility run directly by the VA has been calculated nationally to be \$563.45 per day. The cost of care to the VA for the placement of a veteran at a contract nursing home, which is not required to meet more stringent State Veterans Home standards, is approximately \$225.30 per day. The same daily cost to the VA to provide quality long-term nursing care at a State Veterans Home is far less – only \$67.71 per day.

This substantially lower daily cost to the VA of the State Veterans Homes compared to other available long-term care alternatives led the VA Office of Inspector General to conclude in a 1999 report: “the SVH [State Veterans Home] program provides an economical alternative to Contract Nursing Home (CNH) placements, and VAMC [VA Medical Center] Nursing Home Care Unit (NHCU) care” (emphasis added). In this same report, the VA Office of Inspector General went on to say:

A growing portion of the aging and infirm veteran population requires domiciliary and nursing home care. The SVH [State Veterans Home] option has become increasingly necessary in the era of VAMC [VA Medical Center] downsizing and the increasing need to discharge long-term care patients to community based facilities. VA's contribution to SVH per diem rates, which does not exceed 50 percent of the cost to treat patients, is significantly less than the cost of care in VA and community facilities.

Innovative Programs at the State Veterans Homes

Although several states have either a “great” or “significant” need, as defined by Federal law, to build new State Veterans Homes immediately, the State of Maine, with 640 beds already in successful operation, has built all of the long-term care beds for veterans that we expect to build. We are limited by Federal law to the 640 long-term care beds for veterans that we currently operate. Furthermore, the State of Maine operates our long-term care beds for veterans at over 96% of capacity, and this is virtually full occupancy, since veterans continually are admitted to or discharged from the homes.

If the State of Maine is to provide greater levels of services to its veterans, MVH must expand the types of services we offer to Maine veterans. Therefore, MVH has initiated an ambitious new program to expand the delivery of additional health-care related services at locations clustered around its existing State Veterans Homes.

For example, at the 150-bed MVH nursing and domiciliary facility located at Bangor, Maine, MVH is proposing to construct an integrated "veterans campus" containing an 18,500 square foot Community Based Outreach Clinic ("CBOC"), a seven-bed hospice facility, and an 18-unit elderly veterans housing facility. Attached to my testimony are proposed site plans for this veterans' campus. The CBOC (to be operated by the VA) will provide primary health care to Maine veterans and house State offices providing veterans services. The hospice (to be operated by MVH) will provide critically-needed end-of-life and palliative care services to Maine veterans. Finally, the elderly-housing facility will provide short and long-term housing to Maine veterans who may be using the other health-related services provided at the veterans' campus.

This veterans' campus can be constructed using solely the financial resources of MVH, and at no cost to Maine taxpayers. Later, if appropriate, the services provided at such a veterans campus could be expanded to include assisted living and congregate housing, adult day care services, and home health care services for veterans. In this manner, MVH will provide, within an integrated setting, comprehensive health care services to Maine veterans covering the full continuum of care. Furthermore, this concept could be replicated at the sites of each of the other five existing MVH facilities, in order to provide veterans throughout the State of Maine with easy access to comprehensive health care in both urban and rural settings. Attached to my testimony is a map of the State of Maine showing the locations of all six existing MVH facilities. This concept, if successful in Maine, can be replicated elsewhere in the country.

Conclusion

Mr. Chairman and Members of the Subcommittee, thank you for your commitment to quality long-term care for veterans and for your support of the State Veterans Home system as a central component of that care. We believe that the State Veterans Homes can play a much more substantial role in meeting the long-term care needs of veterans. MVH recognizes and supports the national trend toward deinstitutionalization of health care and the provision of long-term health care in the most independent and cost-effective setting. We have previously proposed to the VA that we explore together creative ways to provide a complete and conveniently-located continuum of health care to our veterans, both rural and urban, at State Veterans Home-sponsored facilities and in the community. We would be pleased to work with the Committee and the VA to explore options for developing pilot programs for innovative long-term health care solutions and for more closely integrating the State Veterans Home program into the VA's overall health care system for veterans.